GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:1781
ANSWERED ON:08.03.2016
Direct Food Subsidy
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) the details of food subsidy provided during the previous and the current year, head-wise;
(b) whether the Government has initiated Direct Benefit Transfer (DBT) Scheme for Public Distribution System in some States/UTs, if so, the details thereof indicating the amount of money given to beneficiaries along with the criteria on which it has been determined;
(c) whether the said subsidy has been indexed against inflation, if so, the details thereof and if not, the reasons therefor;
(d) whether any study has been conducted on the efficacy of the DBT Scheme, if so, the details and the outcome thereof along with the action taken thereon; and
(e) the other steps taken by the Government to ensure proper distribution of PDS items so that the benefits reach the targeted population?

Answer

MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI RAM VILAS PASWAN)
(a): Government releases food subsidy to Food Corporation of India (FCI) and to those States which procure foodgrains under Decentralised Procurement (DCP) Scheme as well as under Direct Benefit Transfer (DBT) Scheme. Details of food subsidy released during the previous financial year and the current year are as under:
(Rs. in crore)
Year
FCI
DCP States
2014-15
91995.35
21175.81
2015-16*
87000.00
21311.37#
*As on 03.03.2016, # including DBT
(b) & (c): As per the 'Cash Transfer of Food Subsidy Rules, 2015' notified on 21-08-2015 under the National Food Security Act, 2013 (NFSA), scheme of providing food subsidy in cash into the bank account of entitled households to enable them to purchase food grains from open market, can be taken up in the identified areas for which there is a written consent of the State Government/ Union Territory (UT) Administration. The Rules inter alia stipulate that the amount of food subsidy payable to beneficiaries shall be computed by multiplying entitled quantity of
â€¦2/-
â€¦2..
food grains with the differential between 1.25 times applicable Minimum Support Price (MSP) and the Central Issue Price (CIP) or at a rate as may be revised from time to time by the Central Government. Using the above formula, the current admissible cash transfer works out to Rs. 16.125/ kg for Wheat and Rs. 23.125/ kg for Rice. Since the MSP is revised every year, the amount payable as cash subsidy is adjusted upwards accordingly and not preferred to be indexed against inflation. The DBT Scheme has been implemented on pilot basis in Chandigarh and Puducherry w.e.f. September' 2015 and in Dadra & Nagar Haveli (in partial areas) from March' 2016. Details of monthly cash subsidy released to these UTs is as under:
(in Rs. Crore)
UT
Monthly Transfer of Cash Subsidy
Chandigarh
1.78
Puducherry
7.65
Dadra & Nagar Haveli
0.35
(d): The 'Cash Transfer of Food Subsidy Rules, 2015' stipulates that State Government shall get the effectiveness of the Scheme, in ensuring food security of the targeted beneficiaries, evaluated concurrently and submit the first report to the Central Government at the end of six months of implementation of the Scheme. The Department has got independent feedback and the preliminary observations/challenges have been brought to the notice of the concerned UTs. These challenges are related to lack of awareness to the beneficiaries (for their entitlement, date of transfers and grievance redressal mechanisms), lack of bank mitra, SMS alerts to beneficiary regarding credit of subsidy etc
(e): Targeted Public Distribution System (TPDS) is operated under the joint responsibility of the Central and the State/UT Governments. Central Government is responsible for procurement, allocation and transportation of foodgrains upto the designated

depots of FCI. The operational responsibilities for intra-state allocation and distribution of foodgrains within the States/UTs, identification of eligible beneficiaries, issuance of ration cards to them and supervision over and monitoring of functioning of Fair Price Shops (FPSs) etc. rest with the concerned State/UT Governments.

Strengthening and streamlining of TPDS is a continuous endeavour. The Government is also implementing a plan scheme of 'End-to-end Computerisation of TPDS Operations' during the 12th Five Year Plan (2012-17). In order to ensure that the PDS benefits reach the targeted population, States/UTs are impressed upon to ensure proper identification of beneficiaries through a transparent and participative process, placing the list of beneficiaries on PDS portals, delivery of foodgrains upto the door-steps of fair price shops, end-to-end computerisation of TPDS operations and setting up of effective grievance redressal mechanism etc.

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